

# Kansas City Site Office Oversight Plan

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### **Congressional Drivers**

- NNSA's Report to Congress on the Organizational and Operations of NNSA in February 2002:
  - NNSA will develop and implement a simpler, less adversarial contract model ...
  - ...lifting administrative burden through streamlining policies, procedures, and staffing ...
  - Evaluating systems, not transactions ...
- Ambassador Brooks memo April 12, 2006 requested KCSO to prepare "...a plan for a dramatic shift in oversight ..."
- Deputy Secretary initiative:
  - Reduce the burden of certain orders
  - NNSA will adopt commercial standards



### Importance to Other Sites

- The Final Draft of the Defense Programs FY 2010-2014 Program and Resource Guidance states:
  - "Site management will address efficiencies in oversight management by requesting each M&O contractor to provide a business case and implementation strategy to shift away from specific federal oversight to more commercial models, where appropriate."
- NA-1 4/21/08 "Coordinating Initiatives to Improve Business Practices":
  - ... further implement our oversight model for Federal regulations and requirements, expand utilization of the Supply Chain Management Center and Strategic Sourcing ...



# Oversight Plan Kansas City Plant

- Operated by Honeywell FM&T
- Approximately 3,000 FM&T employees including KCP, Kirtland Operations, Los Alamos and Ft. Chaffee, AR
- Budget \$400M per year (including WFO)
- 3.1 M ft<sup>2</sup> building built during WWII in the southeast part of Kansas City
- KCSO currently at 43 employees



### Continuation of Past Activities

- KCP began shift to Industrial Standards in 1995
- Implemented Contractor Assurance System in 2002
- Model Contract Clause Revision in 2004
- Low Risk activities-hazards equivalent to most industrial operations
- Contractor has management and quality systems that routinely receive third party validation
- No biological, nuclear safety, or nuclear safeguards concerns



# Oversight Plan KCSO Oversight Concept

- Shift to "focused" oversight by applying resources to "right" activities based on:
  - Industrial standards
  - Third party oversight
  - KCSO systems oversight
- Created operating requirements database for site office and contractor
- Use of corporate systems and oversight
- Continuing expectation of high performance

Validation = federal assurance of contractor performance

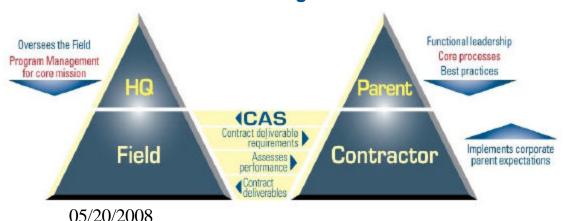


## New Oversight Model

#### **Traditional Oversight Model**



#### **New FM&T Oversight Model**



- MAS (KCP approach) vs.
   CAS (DOE HQ approach) modeled after a commercial
  operation, more parent
  oversight
- Elimination of many DOE orders, including those that created management systems (ISM, CAS, etc.)
- Flexibility on some remaining requirements (e.g., ORPS, TYSP, as a "deliverable")
- Creation of Site Specific Standards



### **Directive Comparison**

#### Quality Management

DOE 414.1C

#### ISM/ES&H

- DOE P 450.4
- DOE M 450.4-1 and 2 guides
- DOE Orders
- 10 CFR 851 (standards and practices)

#### • Emergency Management

DOE Order 151.1C and 19 guides

#### • Security

DOE 470 series Orders and Manuals

#### Quality Management

- ISO 9001:2000

#### ISM/ES&H

- DEAR 970.5204-2 Integration of ES&H into Work Planning and Control
- ISO 14001:2004
- VPP
- 10 CFR 851 (standards and practices)

#### Emergency Management

- NFPA 1600

#### • Security

- NISPOM
- Site Specific requirements



### Timeline

- Oversight Plan submitted to NNSA Administrator June 2006
  - Concurrence by NNSA Administrator January 2007
  - Deputy Secretary concurrence on exempting KCP from specific requirements - January 2007
- Validation activities October 2007- April 2008
  - KCSO Self Assessment
  - HSS Validation Review
  - NNSA Service Center Review
  - KCSO Lessons Learned Report



### Site Office Implementation

- Systematic approach ISO, Pegasus, for cause reviews
- More reliance on MAS data
- Use of Change Control Board to address new/revised DOE Orders/Directives
- Site offices empowered to reject audit findings
- Focus on the "what" not the "how"
- Follow intent of DOEO 226.1A
- Use of Comprehensive Performance Objectives in areas such as ES&H, security, and business systems



### Hurdles

### OPI Resistance to Change

- Some helpful, some non-responsive
- Fear of spread to other sites ("Pilot" eliminated)
- Fear of inconsistency (One size fits all)
- "No deficiency" mentality
- Directives and program direction not always based on a contract management approach

### Informal process

- No clear exemption process
- No clear champion for oversight

No measure of success for Site Office or oversight



### Hurdles

- No clear risk acceptance process for non-nuclear activities
- Contractor
  - Fear of loss of Award Fee
  - Concerns about reversal of Oversight Plan
- KCSO Employee's Perceptions
  - SME agree with industrial standards where appropriate
  - Reluctance to substituting contractor information for field inspection, CAS not useful in oversight
- \_ Site Office work not valued



# Oversight Plan KCSO Lessons Learned

- Headquarters Senior Management commitment and support are a REQUIREMENT!
- Bureaucracy creep will always be a concern.
- Ensure that there has been an effective implementation period prior to conducting a validation.
- There is not a good definition of "adequacy" within the DOE to allow for a smooth transition away from the historical ways of doing business.
- There is continued resistance to moving away from the "one size fits all" approach.
- There was no good definition of "success"



### Lessons Learned (continued)

- There is no good mechanism that currently exists to tailor requirements for site specific needs.
- Support of the site office staff does not come easily or quickly.
- The self assessment was a valuable tool.
- NNSA SC support has been inconsistent, but there has been improvement after validation team activity at the KCP.
- Set reasonable expectations for the Oversight Plan initially, then increase the difficulty of the expectations over time.
- There will always be issues that need further study



### Path Forward

- Continue transformation at KCP
- Incorporate improvement opportunities as noted in the validation reviews
- Present Oversight Plan implementation to other NNSA/DOE offices
- Continue to seek new ways of doing business efficiently and effectively